

## Message Text

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TAGS: BENC VE  
SUBJ: MAJOR PROJECTS: STATUS OF GURI, RAILROAD, AND  
METRO BIDS  
REF: A CARACAS 14372; B CARACAS 14233; C CARACAS 14793

SUMMARY: THIS MESSAGE PROVIDES AN UPDATED REPORT ON THESE  
THREE BILLION-DOLLAR CONSTRUCTION PROJECTS NOW IN THE BIDDING  
PROCESS. MORRISON-KNUDSEN PRESENTED NON-RESPONSIVE BIDS USING  
MORRISON-KNUDSEN PRESENTED NON-RESPONSIVE BIDS USING  
A TARGET PRICE ESTIMATE FORMULA FOR BOTH THE RAILROAD  
AND GURI DAM BIDS. THESE TWO BIDS ARE BEING ANALYZED  
BY BECHTEL AND HARZA, RESPECTIVELY. WESTINGHOUSE/BUDD  
AND PULLMAN-STANDARD ARE STILL STRONG CONTENDERS FOR  
THE SUBWAY CAR AND EQUIPMENT PORTION OF THE CARACAS METRO.  
END SUMMARY.

1. GURI-DAM: CONVERSATIONS WITH INFORMED SOURCES  
INDICATE THAT THE FINAL DECISION REGARDING THE WINNER OF  
THE GURI DAM BID WILL BE MADE BETWEEN APRIL AND AUGUST.  
AT THE PRESENT TIME THE BIDS FROM THE FIVE CONSORTIA ARE  
BEING EVALUATED BY HARZA ENGINEERING COMPANY, CHICAGO,  
ILL. FOR ELECTRIFICATION DEL CARONI (EDELCA). THE WORK  
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BEING DONE BY HARZA IS EXPECTED TO BE COMPLETED O/A APRIL  
FIRST. AT THAT TIME, THE BID EVALUATION COMMITTEE OF  
EDELCA WILL BEGIN MEETINGS AT WHICH THE HARZA REPORT  
AND OTHER FACTORS WILL BE CONSIDERED IN ORDER TO DETERMINE  
WHICH BID BEST SUITS THE NATION.  
AN ARTICLE THAT APPEARED IN THE 16 DEC 1976 EDITION  
OF ENGINEERING NEWS RECORD WHICH REPORTED THAT ONLY THE

EUROVEN CONSORTIUM MET ALL THE BID REQUIREMENTS ESTABLISHED BY EDELCA IS ERRONEOUS. THE OFFER SUBMITTED BY THE BRAZILIAN-VENEZUELAN CONSORTIUM ALSO FULLILLED THE REQUIREMENTS. THE BRAZILIAN-VENEZUELAN OFFER WAS FOR \$1,145.1 MILLION, HIGHER THAN MORRISON-KNUDSEN'S LOW BID OF \$900.2 MILLION (WHICH WAS BASED ON A "TARGET PRICE ESTIMATE" BASIS RATHER THAN THE UNIT PRICE BASIS SPECIFIED BY EDELCA) BUT FAR BELOW THAT OF THE EUROVEN CONSORTIUM (\$1,690.9 MILLION). REF A.

2. RAILROAD. APPARENTLY LITTLE OR NO ACTIVITY HAS TAKEN PLACE TO EVALUATE THE SIX BIDS PRESENTED IN EARLY DECEMBER. THE BECHTEL TEAM WHICH IS BEING CONTRACTED TO ANALYZE THE BIDS HAS NOT YET APPEARED IN VENEZUELA (ONE MAN MAY HAVE ARRIVED LAST WEEK) AND ANOTHER BECHTEL SOURCE SAYS THE EFFORT AUTHORIZED (THREE MAN MONTHS) IS TOTALLY INADEQUATE TO DO A PROPER JOB. SOURCES IN THE CANADIAN EMBASSY ARE POOR-MOUTHING THEIR CONSORTIUM'S PROSPECTS BECAUSE OF THEIR FAILURE TO PROVIDE A GOVT TO GOVT GUARANTEE OF THE CIVIL WORKS PORTION TO BE PERFORMED BY VENEZUELAN CONTRACTORS. THE CANADIAN EMBASSY MADE PRESENTATIONS TO CABINET MINISTERS DESCRIBING THE CANADIAN CONSORTIUM'S RELATIONSHIP WITH A LOCAL AGENT WHO APPARENTLY IS IN LINE TO RECEIVE A SUBSTANTIAL COMMISSION. WHILE THE AGENT IS A BONAFIDE REPRESENTATIVE OF SEVERAL CNANADIAN HEAVY EQUIPMENT SUPPLIERS, THE MATTER OF "KICKBACKS" HAS BECOME A VERY SENSITIVE ISSUE WITH THE INCARCERATION OF A VIASA VICE PRESIDENT WHO ALLEGEDLY ACTED ON BOEING'S BEHALF IN PROMOTING THE SALE OF A 737 TO VIASA FOR USE BY PRESIDENT PEREZ. MEANWHILE, FIRST LIMITED OFFICIAL USE

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BOSTON AND OTHER INTERNATIONAL LENDERS HAVE HELD DISCUSSIONS WITH THE RAILROAD INSTITUTE REGARDING PROJECT FINANCING.

3. CARACAS SUBWAY. BIDS FOR SUBWAY CARS AND EQUIPMENT ARE DUE IN EARLY MARCH. THE WESTINGHOUS/ BUDD/ DRAVO CONSORTIUM HAS PREPARED A STRONG PROMOTIONAL CAMPAING WHICH INCLUDES FLYING TWO CABINET MINISTERS, THE PROJECT MANAGER, ND HIS STAFF TO SAO PAULO TO INSPECT THE SUBWAY SYSTEM THERE, RETURNING VIA RIO. IN CARACAS IN MID-FEBRUARY, WESTINGHOUSE WILL PROJECT A PREMIER SHOWING OF A NEW FILM "EXPERIENCE IN MONTION". ON PRESENT INDICATIONS, THE STRONGEST BIDDERS APPEAR TO BE PULLMAN-STANDARD, WESTINGHOUSE (THE LATTER IS QUITE SATISFIED WITH THE EXIMBANK PRELIMINARY COMMITMENT BUT EXPRESSED CONCERN REGARDING THE NEW REQUIREMENT FOR LOCAL COST FINANCING OFFERS), FRANCO-BELGE, GREAT BRITAIN, AND JAPAN. ALTHOUGH ALL EXCAVATION CONTRACTS HAVE NOW BEEN LET OR ARE CLOSE TO FINALIZATION, LITTLE

DIRT HAS MOVED BECAUSE THE TUNNEL BORERS HAVE YET  
TO BE BROUGHT IN. ONE CONTRACTOR, VIANINI S. P. A.,  
REPORTED HAVING PURCHASED A CANADIAN TUNNELLING MACHINE.  
REF C.  
VAKY

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